107TH CONGRESS 1ST SESSION

S. 592

To amend the Internal Revenue Code of 1986 to create Individual Development Accounts, and for other purposes.

IN THE SENATE OF THE UNITED STATES

March 21, 2001

Mr. Santorum (for himself, Mr. Lieberman, Mr. Hutchinson, Mr. Durbin, Mr. Brownback, Ms. Landrieu, Mr. Lugar, Mr. Bayh, and Mr. DeWine) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to create Individual Development Accounts, and for other purposes.

- 1 Be it enacted by the Senate and House of Representa-
- 2 tives of the United States of America in Congress assembled,
- 3 SECTION 1. SHORT TITLE; TABLE OF CONTENTS.
- 4 (a) SHORT TITLE.—This Act may be cited as the
- 5 "The Savings Opportunity and Charitable Giving Act of
- 6 2001".
- 7 (b) Table of Contents.—The table of contents is
- 8 as follows:
 - Sec. 1. Short title; table of contents.

- Sec. 101. Findings and purposes.
- Sec. 102. Definitions.
- Sec. 103. Structure and administration of qualified individual development account programs.
- Sec. 104. Procedures for opening and maintaining an individual development account and qualifying for matching funds.
- Sec. 105. Deposits by qualified individual development account programs.
- Sec. 106. Withdrawal procedures.
- Sec. 107. Certification and termination of qualified individual development account programs.
- Sec. 108. Reporting, monitoring, and evaluation.
- Sec. 109. Authorization of appropriations.
- Sec. 110. Account funds disregarded for purposes of certain means-tested federal programs.
- Sec. 111. Matching funds for individual development accounts provided through a tax credit for qualified financial institutions.

TITLE II—CHARITABLE GIVING INCENTIVES PACKAGE

- Sec. 201. Deduction for portion of charitable contributions to be allowed to individuals who do not itemize deductions.
- Sec. 202. Tax-free distributions from individual retirement accounts for charitable purposes.
- Sec. 203. Charitable deduction for contributions of food inventory.

1 TITLE I—INDIVIDUAL

2 **DEVELOPMENT ACCOUNTS**

- 3 SEC. 101. FINDINGS AND PURPOSES.
- 4 (a) Findings.—Congress makes the following find-
- 5 ings:
- 6 (1) For the vast majority of households the
- 7 pathway to the economic mainstream and financial
- 8 security is not through spending and consumption,
- 9 but through saving, investing, and the accumulation
- of assets. Assets promote economic household sta-
- bility, decrease economic strain on households, pro-
- mote educational attainment, decrease marital dis-
- solution, decrease the risk of intergenerational pov-
- erty transmission, increase health and satisfaction

- among adults, increase property values, decrease residential mobility, increase property maintenance, and increase local civic involvement.
 - (2) One-third of all Americans have no assets available for investment and another 20 percent have only negligible assets. Assets are distributed far more unevenly than income. Whereas the top 20 percent of American households earn over 43 percent of all income, such households hold over 68 percent of net worth and almost 87 percent of net financial assets. Moreover, asset poverty and wealth gaps are even higher among minority households by a ratio of more than 11 to 1. Up to 20 percent of all households are unbanked and do not have access to the basic financial tools that make asset accumulation possible.
 - (3) Public policy has contributed to large asset gaps in the United States. Traditional public assistance programs based on income and consumption have rarely been successful in supporting the transition to economic self-sufficiency. Tax policy, through \$288,000,000,000 in annual tax incentives, has helped lay the foundation for the great American middle class, but only for some citizens. Fully 90 percent of such current tax benefits accrue to house-

holds earning more than \$50,000 per year, roughly half of all American households. Lacking an income tax liability, low-income working families cannot take advantage of asset development incentives.

Moreover, low-income families seeking public assistance must first spend down their assets and face se-

vere asset limits once on assistance.

- (4) Individual Development Accounts, or IDAs, have proven to be successful in helping low-income working families save and accumulate assets. In one national demonstration project, 2,378 low-income families saved a total of \$834,442 in one year which generated another \$1,644,510 in private matching funds. Thus far, IDA savings have been used to purchase long-term, high-return assets, including homes, post-secondary education and training, and small businesses. Presently, about 10,000 IDAs are in existence in the United States, held by a very small fraction of the at least 70 million Americans who are asset poor.
 - (5) Therefore, the Federal Government should support, through the tax code, a significant expansion of Individual Development Accounts so that millions of low-income working families across the country can save, accumulate assets, and move their

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1	lives forward, and thus make positive contributions
2	to the economic and social well-being of the United
3	States, as well as to its future.
4	(b) Purposes.—The purposes of this title are to pro-
5	vide for the establishment of individual development ac-
6	count programs that will—
7	(1) provide individuals and families with limited
8	means an opportunity to accumulate assets and to
9	enter the financial mainstream;
10	(2) promote education, homeownership, and the
11	development of small businesses;
12	(3) stabilize families and build communities;
13	and
14	(4) support continued United States economic
15	expansion.
16	SEC. 102. DEFINITIONS.
17	As used in this title:
18	(1) Eligible individual.—
19	(A) IN GENERAL.—The term "eligible indi-
20	vidual" means an individual who—
21	(i) has attained the age of 18 years
22	but not the age of 61;
23	(ii) is a citizen or legal resident of the
24	United States;

1	(iii) is not a student (as defined in
2	section $151(c)(4)$; and
3	(iv) is a taxpayer the adjusted gross
4	income of whom for the preceding taxable
5	year does not exceed—
6	(I) \$20,000, in the case of a tax-
7	payer described in section 1(c) or 1(d)
8	of the Internal Revenue Code of 1986;
9	(II) \$25,000, in the case of a
10	taxpayer described in section 1(b) of
11	such Code; and
12	(III) \$40,000, in the case of a
13	taxpayer described in section 1(a) of
14	such Code.
15	(B) Inflation adjustment.—
16	(i) In general.—In the case of any
17	taxable year beginning after 2002, each
18	dollar amount referred to in subparagraph
19	(A)(iv) shall be increased by an amount
20	equal to—
21	(I) such dollar amount, multi-
22	plied by
23	(II) the cost-of-living adjustment
24	determined under section $(1)(f)(3)$ of
25	the Internal Revenue Code of 1986

1	for the calendar year in which the tax-
2	able year begins, by substituting
3	"2001" for "1992".
4	(ii) Rounding.—If any amount as
5	adjusted under clause (i) is not a multiple
6	of \$50, such amount shall be rounded to
7	the nearest multiple of \$50.
8	(2) Individual development account.—
9	The term "Individual Development Account" means
10	an account established for an eligible individual as
11	part of a qualified individual development account
12	program, but only if the written governing instru-
13	ment creating the account meets the following re-
14	quirements:
15	(A) The sole owner of the account is the
16	individual for whom the account was estab-
17	lished.
18	(B) No contribution will be accepted unless
19	it is in cash.
20	(C) The holder of the account is a quali-
21	fied financial institution.
22	(D) The assets of the account will not be
23	commingled with other property except in a
24	common trust fund or common investment
25	fund.

- 1 (E) Except as provided in section 1005(b), 2 any amount in the account may be paid out 3 only for the purpose of paying the qualified ex-4 penses of the account owner.
 - (3) PARALLEL ACCOUNT.—The term "parallel account" means a separate, parallel individual or pooled account for all matching funds and earnings dedicated to an Individual Development Account owner as part of a qualified individual development account program, the sole owner of which is a qualified financial institution, a qualified nonprofit organization, or an Indian tribe.

(4) Qualified financial institution.—

- (A) IN GENERAL.—The term "qualified financial institution" means any person authorized to be a trustee of any individual retirement account under section 408(a)(2).
- (B) Rule of construction.—Nothing in this paragraph shall be construed as preventing a person described in subparagraph (A) from collaborating with 1 or more contractual affiliates, qualified nonprofit organizations, or Indian tribes to carry out an individual development account program established under section 1002.

1	(5) Qualified nonprofit organization.—
2	The term "qualified nonprofit organization"
3	means—
4	(A) any organization described in section
5	501(c)(3) of the Internal Revenue Code of 1986
6	and exempt from taxation under section 501(a)
7	of such Code;
8	(B) any community development financial
9	institution certified by the Community Develop-
10	ment Financial Institution Fund; or
11	(C) any credit union chartered under Fed-
12	eral or State law.
13	(6) Indian tribe.—The term "Indian tribe"
14	means any Indian tribe as defined in section $4(12)$
15	of the Native American Housing Assistance and
16	Self-Determination Act of 1996 (25 U.S.C.
17	4103(12), and includes any tribal subsidiary, sub-
18	division, or other wholly owned tribal entity.
19	(7) Qualified individual development ac-
20	COUNT PROGRAM.—The term "qualified individual
21	development account program" means a program es-
22	tablished under section 1002 under which—
23	(A) Individual Development Accounts and
24	parallel accounts are held by a qualified finan-
25	cial institution; and

1 (B) additional activities determined by the 2 Secretary as necessary to responsibly develop 3 and administer accounts, including recruiting, 4 providing financial education and other training 5 to account owners, and regular program moni-6 toring, are carried out by the qualified financial 7 institution, a qualified nonprofit organization, 8 or an Indian tribe. 9 (8) Qualified expense distribution.— 10

- (A) In General.—The term "qualified expense distribution" means any amount paid (including through electronic payments) or distributed out of an Individual Development Account and a parallel account established for an eligible individual if such amount—
 - (i) is used exclusively to pay the qualified expenses of the Individual Development Account owner or such owner's spouse or dependents, as approved by the qualified financial institution, qualified nonprofit organization, or Indian tribe;
 - (ii) is paid by the qualified financial institution, qualified nonprofit organization, or Indian tribe—

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1	(I) except as otherwise provided
2	in this clause, directly to the unre-
3	lated third party to whom the amount
4	is due;
5	(II) in the case of distributions
6	for working capital under a qualified
7	business plan (as defined in subpara-
8	graph (B)(iv)(IV)), directly to the ac-
9	count owner;
10	(III) in the case of any qualified
11	rollover, directly to another Individual
12	Development Account and parallel ac-
13	count; or
14	(IV) in the case of a qualified
15	final distribution, directly to the
16	spouse, dependent, or other named
17	beneficiary of the deceased account
18	owner; and
19	(iii) is paid after the account owner
20	has completed a financial education course
21	as required under section 1003(b).
22	(B) QUALIFIED EXPENSES.—
23	(i) IN GENERAL.—The term "qualified
24	expenses" means any of the following:

1	(I) Qualified higher education ex-
2	penses.
3	(II) Qualified first-time home-
4	buyer costs.
5	(III) Qualified business capital-
6	ization or expansion costs.
7	(IV) Qualified rollovers.
8	(V) Qualified final distribution.
9	(ii) Qualified higher education
10	EXPENSES.—
11	(I) In General.—The term
12	"qualified higher education expenses"
13	has the meaning given such term by
14	section 72(t)(7) of the Internal Rev-
15	enue Code of 1986, determined by
16	treating postsecondary vocational edu-
17	cational schools as eligible educational
18	institutions.
19	(II) Postsecondary voca-
20	TIONAL EDUCATION SCHOOL.—The
21	term "postsecondary vocational edu-
22	cational school" means an area voca-
23	tional education school (as defined in
24	subparagraph (C) or (D) of section
25	521(4) of the Carl D. Perkins Voca-

1 tional and Applied Technology Edu-2 cation Act (20 U.S.C. 2471(4))) 3 which is in any State (as defined in section 521(33) of such Act), as such sections are in effect on the date of 6 the enactment of this Act. 7 (III)COORDINATION WITH 8 OTHER BENEFITS.—The amount of 9 qualified higher education expenses 10 for any taxable year shall be reduced 11 as provided in section 25A(g)(2) of 12 such Code and may not be taken into 13 account for purposes of determining 14 qualified higher education expenses 15 under section 135 or 530 of the Internal Revenue Code of 1986. 16 17 (iii) Qualified first-time home-18 BUYER COSTS.—The term "qualified firsttime homebuyer costs" means qualified ac-19 20 quisition costs (as defined in section 72(t)(8) of such Code without regard to 21 22 subparagraph (B) thereof) with respect to 23 a principal residence (within the meaning

of section 121 of such Code) for a qualified

1	first-time homebuyer (as defined in section
2	72(t)(8) of such Code).
3	(iv) Qualified business capital-
4	IZATION OR EXPANSION COSTS.—
5	(I) IN GENERAL.—The term
6	"qualified business capitalization or
7	expansion costs" means qualified ex-
8	penditures for the capitalization or ex-
9	pansion of a qualified business pursu-
10	ant to a qualified business plan.
11	(II) QUALIFIED EXPENDI-
12	TURES.—The term "qualified expendi-
13	tures" means expenditures included in
14	a qualified business plan, including
15	capital, plant, equipment, working
16	capital, inventory expenses, attorney
17	and accounting fees, and other costs
18	normally associated with starting or
19	expanding a business.
20	(III) QUALIFIED BUSINESS.—
21	The term "qualified business" means
22	any business that does not contravene
23	any law.
24	(IV) QUALIFIED BUSINESS
25	PLAN.—The term "qualified business

1	plan" means a business plan which
2	has been approved by the qualified fi-
3	nancial institution, qualified nonprofit
4	organization, or Indian tribe and
5	which meets such requirements as the
6	Secretary may specify.
7	(v) QUALIFIED ROLLOVERS.—The
8	term "qualified rollover" means the com-
9	plete distribution of the amounts in an In-
10	dividual Development Account and parallel
11	account to another Individual Development
12	Account and parallel account established in
13	another qualified financial institution,
14	qualified nonprofit organization, or Indian
15	tribe for the benefit of the account owner.
16	(vi) Qualified final distribu-
17	TION.—The term "qualified final distribu-
18	tion" means, in the case of a deceased ac-
19	count owner, the complete distribution of
20	the amounts in an Individual Development
21	Account and parallel account directly to
22	the spouse, any dependent, or other named
23	beneficiary of the deceased.
24	(9) Secretary.—The term "Secretary" means

the Secretary of the Treasury.

1	SEC. 103. STRUCTURE AND ADMINISTRATION OF QUALI-
2	FIED INDIVIDUAL DEVELOPMENT ACCOUNT
3	PROGRAMS.
4	(a) Establishment of Qualified Individual De-
5	VELOPMENT ACCOUNT PROGRAMS.—Any qualified finan-
6	cial institution, qualified nonprofit organization, or Indian
7	tribe may establish 1 or more qualified individual develop-
8	ment account programs which meet the requirements of
9	this title.
10	(b) Basic Program Structure.—
11	(1) In general.—All qualified individual de-
12	velopment account programs shall consist of the fol-
13	lowing 2 components:
14	(A) An Individual Development Account to
15	which an eligible individual may contribute cash
16	in accordance with section 1003.
17	(B) A parallel account to which all match-
18	ing funds shall be deposited in accordance with
19	section 1004.
20	(2) Tailored ida programs.—A qualified fi-
21	nancial institution, a qualified nonprofit organiza-
22	tion, or an Indian tribe may tailor its qualified indi-
23	vidual development account program to allow match-
24	ing funds to be spent on 1 or more of the categories
2.5	of qualified expenses

1	(c) Tax Treatment of Parallel Accounts.—
2	Any account described in subparagraph (B) of subsection
3	(b)(1) is exempt from taxation under the Internal Revenue
4	Code of 1986.
5	SEC. 104. PROCEDURES FOR OPENING AND MAINTAINING
6	AN INDIVIDUAL DEVELOPMENT ACCOUNT
7	AND QUALIFYING FOR MATCHING FUNDS.
8	(a) Opening an Account.—An eligible individual
9	may open an Individual Development Account with a
10	qualified financial institution, a qualified nonprofit organi-
11	zation, or an Indian tribe upon certification that such indi-
12	vidual maintains no other Individual Development Ac-
13	count (other than an Individual Development Account to
14	be terminated by a qualified rollover).
15	(b) REQUIRED COMPLETION OF FINANCIAL EDU-
16	CATION COURSE.—
17	(1) In general.—Before becoming eligible to
18	withdraw matching funds to pay for qualified ex-
19	penses, owners of Individual Development Accounts
20	must complete a financial education course offered
21	by a qualified financial institution, a qualified non-
22	profit organization, an Indian tribe, or a government
23	entity.
24	(2) Standard and applicability of
25	COURSE.—The Secretary, in consultation with rep-

- 1 resentatives of qualified individual development ac-
- 2 count programs and financial educators, shall estab-
- 3 lish minimum quality standards for the contents of
- 4 financial education courses and providers of such
- 5 courses offered under paragraph (1) and a protocol
- 6 to exempt individuals from the requirement under
- 7 paragraph (1) because of hardship or lack of need.
- 8 (c) Proof of Status as an Eligible Indi-
- 9 VIDUAL.—Federal income tax forms from the preceding
- 10 taxable year (or in the absence of such forms, such docu-
- 11 mentation as specified by the Secretary proving the eligi-
- 12 ble individual's adjusted gross income and the status of
- 13 the individual as an eligible individual) shall be presented
- 14 to the qualified financial institution, qualified nonprofit
- 15 organization, or Indian tribe at the time of the establish-
- 16 ment of the Individual Development Account and in any
- 17 taxable year in which contributions are made to the Ac-
- 18 count to qualify for matching funds under section
- 19 1004(b)(1)(A).
- 20 (d) DIRECT DEPOSITS.—The Secretary may, under
- 21 regulations, provide for the direct deposit of any portion
- 22 (not less than \$1) of any overpayment of Federal tax of
- 23 an individual as a contribution to the Individual Develop-
- 24 ment Account of such individual.

1	SEC. 105. DEPOSITS BY QUALIFIED INDIVIDUAL DEVELOP-
2	MENT ACCOUNT PROGRAMS.
3	(a) PARALLEL ACCOUNTS.—The qualified financial
4	institution, qualified nonprofit organization, or Indian
5	tribe shall deposit all matching funds for each Individual
6	Development Account into a parallel account at a qualified
7	financial institution, a qualified nonprofit organization, or
8	an Indian tribe.
9	(b) Regular Deposits of Matching Funds.—
10	(1) In General.—Subject to paragraph (2),
11	the qualified financial institution, qualified nonprofit
12	organization, or Indian tribe shall not less than
13	quarterly (or upon a proper withdrawal request
14	under section 1005, if necessary) deposit into the
15	parallel account with respect to each eligible indi-
16	vidual the following:
17	(A) A dollar-for-dollar match for the first
18	\$500 contributed by the eligible individual into
19	an Individual Development Account with re-
20	spect to any taxable year.
21	(B) Any matching funds provided by State,
22	local, or private sources in accordance to the
23	matching ratio set by those sources.
24	(2) Inflation adjustment.—
25	(A) IN GENERAL.—In the case of any tax-
26	able year beginning after 2002, the dollar

1	amount referred to in paragraph (1)(A) shall be
2	increased by an amount equal to—
3	(i) such dollar amount, multiplied by
4	(ii) the cost-of-living adjustment de-
5	termined under section (1)(f)(3) of the In-
6	ternal Revenue Code of 1986 for the cal-
7	endar year in which the taxable year be-
8	gins, by substituting "2001" for "1992".
9	(B) Rounding.—If any amount as ad-
10	justed under subparagraph (A) is not a multiple
11	of \$20, such amount shall be rounded to the
12	nearest multiple of \$20.
10	(0) Chaga harmana
13	(3) Cross reference.—
13	For allowance of tax credit for Individual Development Account subsidies, including matching funds, see section 30B of the Internal Revenue Code of 1986.
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14 15	For allowance of tax credit for Individual Development Account subsidies, including matching funds, see section 30B of the Internal Revenue Code of 1986. (c) DEPOSIT OF MATCHING FUNDS INTO INDIVIDUAL DEVELOPMENT ACCOUNT OF INDIVIDUAL WHO
14 15 16	For allowance of tax credit for Individual Development Account subsidies, including matching funds, see section 30B of the Internal Revenue Code of 1986. (c) DEPOSIT OF MATCHING FUNDS INTO INDIVIDUAL DEVELOPMENT ACCOUNT OF INDIVIDUAL WHO HAS ATTAINED AGE 61.—In the case of an Individual De-
14 15 16 17	For allowance of tax credit for Individual Development Account subsidies, including matching funds, see section 30B of the Internal Revenue Code of 1986. (c) Deposit of Matching Funds Into Individual Development Account of Individual Who Has Attained Age 61.—In the case of an Individual Development Account owner who attains the age of 61, the
14 15 16 17 18	For allowance of tax credit for Individual Development Account subsidies, including matching funds, see section 30B of the Internal Revenue Code of 1986. (c) Deposit of Matching Funds Into Individual Development Account of Individual Who Has Attained Age 61.—In the case of an Individual Development Account owner who attains the age of 61, the qualified financial institution, qualified nonprofit organi-
14 15 16 17 18 19	For allowance of tax credit for Individual Development Account subsidies, including matching funds, see section 30B of the Internal Revenue Code of 1986. (c) Deposit of Matching Funds Into Individual Development Account of Individual Who Has Attained Age 61.—In the case of an Individual Development Account owner who attains the age of 61, the qualified financial institution, qualified nonprofit organization, or Indian tribe which holds the parallel account
14 15 16 17 18 19 20	For allowance of tax credit for Individual Development Account subsidies, including matching funds, see section 30B of the Internal Revenue Code of 1986. (c) Deposit of Matching Funds Into Individual Development Account of Individual Who Has Attained Age 61.—In the case of an Individual Development Account owner who attains the age of 61, the qualified financial institution, qualified nonprofit organization, or Indian tribe which holds the parallel account for such individual shall deposit the funds in such parallel

- 1 (d) Uniform Accounting Regulations.—To en-
- 2 sure proper recordkeeping and determination of the tax
- 3 credit under section 30B of the Internal Revenue Code
- 4 of 1986, the Secretary shall prescribe regulations with re-
- 5 spect to accounting for matching funds in the parallel ac-
- 6 counts.
- 7 (e) Regular Reporting of Accounts.—Any
- 8 qualified financial institution, qualified nonprofit organi-
- 9 zation, or Indian tribe shall report the balances in any
- 10 Individual Development Account and parallel account of
- 11 an individual on not less than an annual basis to such
- 12 individual.

13 SEC. 106. WITHDRAWAL PROCEDURES.

- 14 (a) Withdrawals for Qualified Expenses.—To
- 15 withdraw money from an individual's Individual Develop-
- 16 ment Account to pay qualified expenses of such individual
- 17 or such individual's spouse or dependents, the qualified
- 18 financial institution, qualified nonprofit organization, or
- 19 Indian tribe shall directly transfer such funds from the
- 20 Individual Development Account, and, if applicable, from
- 21 the parallel account electronically to the distributees de-
- 22 scribed in section 1001(8)(A)(ii). If the distributee is not
- 23 equipped to receive funds electronically, the qualified fi-
- 24 nancial institution, qualified nonprofit organization, or In-

- 1 dian tribe may issue such funds by paper check to the
- 2 distributee.
- 3 (b) Withdrawals for Nonqualified Ex-
- 4 PENSES.—An Individual Development Account owner may
- 5 unilaterally withdraw any amount of funds from the Indi-
- 6 vidual Development Account for purposes other than to
- 7 pay qualified expenses, but shall forfeit a proportionate
- 8 amount of matching funds from the individual's parallel
- 9 account by doing so, unless such withdrawn funds are re-
- 10 contributed to such Account by September 30 following
- 11 the withdrawal.
- 12 (c) Withdrawals From Accounts of Non-
- 13 ELIGIBLE INDIVIDUALS.—If the individual for whose ben-
- 14 efit an Individual Development Account is established
- 15 ceases to be an eligible individual, such account shall re-
- 16 main an Individual Development Account, but such indi-
- 17 vidual shall not be eligible for any further matching funds
- 18 under section 1004(b)(1)(A) during the period—
- 19 (1) beginning on the first day of the taxable
- year of such individual following the beginning of
- 21 such ineligibility, and
- (2) ending on the last day of the taxable year
- of such individual in which such ineligibility ceases.

1	(d) Tax Treatment of Matching Funds.—Any
2	amount withdrawn from a parallel account shall not be
3	includible in an eligible individual's gross income.
4	(e) WITHDRAWAL LIABILITY RESTS ONLY WITH EL-
5	IGIBLE INDIVIDUALS.—Nothing in this title may be con-
6	strued to impose liability on a qualified financial institu-
7	tion, a qualified nonprofit organization, or an Indian tribe
8	for non-compliance with the requirements of this title re-
9	lated to withdrawals from Individual Development Ac-
10	counts.
11	SEC. 107. CERTIFICATION AND TERMINATION OF QUALI-
12	FIED INDIVIDUAL DEVELOPMENT ACCOUNT
12	FIED INDIVIDUAL DEVELOPMENT ACCOUNT
13	PROGRAMS.
13	PROGRAMS.
131415	PROGRAMS. (a) CERTIFICATION PROCEDURES.—Upon estab-
131415	PROGRAMS. (a) CERTIFICATION PROCEDURES.—Upon establishing a qualified individual development account pro-
13 14 15 16 17	PROGRAMS. (a) CERTIFICATION PROCEDURES.—Upon establishing a qualified individual development account program under section 1002, a qualified financial institution,
13 14 15 16 17	PROGRAMS. (a) CERTIFICATION PROCEDURES.—Upon establishing a qualified individual development account program under section 1002, a qualified financial institution, a qualified nonprofit organization, or an Indian tribe shall
13 14 15 16 17 18	PROGRAMS. (a) CERTIFICATION PROCEDURES.—Upon establishing a qualified individual development account program under section 1002, a qualified financial institution, a qualified nonprofit organization, or an Indian tribe shall certify to the Secretary on forms prescribed by the Secretary.
13 14 15 16 17 18 19	PROGRAMS. (a) CERTIFICATION PROCEDURES.—Upon establishing a qualified individual development account program under section 1002, a qualified financial institution, a qualified nonprofit organization, or an Indian tribe shall certify to the Secretary on forms prescribed by the Secretary and accompanied by any documentation required
13 14 15 16 17 18 19 20	PROGRAMS. (a) CERTIFICATION PROCEDURES.—Upon establishing a qualified individual development account program under section 1002, a qualified financial institution, a qualified nonprofit organization, or an Indian tribe shall certify to the Secretary on forms prescribed by the Secretary and accompanied by any documentation required by the Secretary, that—
13 14 15 16 17 18 19 20 21	PROGRAMS. (a) CERTIFICATION PROCEDURES.—Upon establishing a qualified individual development account program under section 1002, a qualified financial institution, a qualified nonprofit organization, or an Indian tribe shall certify to the Secretary on forms prescribed by the Secretary and accompanied by any documentation required by the Secretary, that— (1) the accounts described in subparagraphs
13 14 15 16 17 18 19 20 21 22	PROGRAMS. (a) CERTIFICATION PROCEDURES.—Upon establishing a qualified individual development account program under section 1002, a qualified financial institution, a qualified nonprofit organization, or an Indian tribe shall certify to the Secretary on forms prescribed by the Secretary and accompanied by any documentation required by the Secretary, that— (1) the accounts described in subparagraphs (A) and (B) of section 1002(b)(1) are operating pur-

- 1 plement an information system necessary to monitor
- 2 the cost and outcomes of the qualified individual de-
- 3 velopment account program.
- 4 (b) Authority To Terminate Qualified IDA
- 5 Program.—If the Secretary determines that a qualified
- 6 financial institution, a qualified nonprofit organization, or
- 7 an Indian tribe under this title is not operating a qualified
- 8 individual development account program in accordance
- 9 with the requirements of this title (and has not imple-
- 10 mented any corrective recommendations directed by the
- 11 Secretary), the Secretary shall terminate such institu-
- 12 tion's, nonprofit organization's, or Indian tribe's authority
- 13 to conduct the program. If the Secretary is unable to iden-
- 14 tify a qualified financial institution, a qualified nonprofit
- 15 organization, or an Indian tribe to assume the authority
- 16 to conduct such program, then any funds in a parallel ac-
- 17 count established for the benefit of any individual under
- 18 such program shall be deposited into the Individual Devel-
- 19 opment Account of such individual as of the first day of
- 20 such termination.
- 21 SEC. 108. REPORTING, MONITORING, AND EVALUATION.
- 22 (a) Responsibilities of Qualified Financial In-
- 23 STITUTIONS, QUALIFIED NONPROFIT ORGANIZATIONS,
- 24 AND INDIAN TRIBES.—Each qualified financial institu-
- 25 tion, qualified nonprofit organization, or Indian tribe that

1	operates a qualified individual development account pro-
2	gram under section 1002 shall report annually to the Sec-
3	retary within 90 days after the end of each calendar year
4	on—
5	(1) the number of eligible individuals making
6	contributions into Individual Development Accounts;
7	(2) the amounts contributed into Individual De-
8	velopment Accounts and deposited into parallel ac-
9	counts for matching funds;
10	(3) the amounts withdrawn from Individual De-
11	velopment Accounts and parallel accounts, and the
12	purposes for which such amounts were withdrawn;
13	(4) the balances remaining in Individual Devel-
14	opment Accounts and parallel accounts; and
15	(5) such other information needed to help the
16	Secretary monitor the cost and outcomes of the
17	qualified individual development account program
18	(provided in a non-individually-identifiable manner).
19	(b) Responsibilities of the Secretary.—
20	(1) Monitoring protocol.—Not later than
21	12 months after the date of the enactment of this
22	Act, the Secretary shall develop and implement a
23	protocol and process to monitor the cost and out-

comes of the qualified individual development ac-

count programs established under section 1002.

24

- 1 (2) Annual reports.—In each year after the
 2 date of the enactment of this Act, the Secretary
 3 shall submit a progress report to Congress on the
 4 status of such qualified individual development ac5 count programs. Such report shall include from a
 6 representative sample of qualified individual develop7 ment account programs information on—
 8 (A) the characteristics of participants, in-
 - (A) the characteristics of participants, including age, gender, race or ethnicity, marital status, number of children, employment status, and monthly income;
 - (B) deposits, withdrawals, balances, uses of Individual Development Accounts, and participant characteristics;
 - (C) the characteristics of qualified individual development account programs, including match rate, economic education requirements, permissible uses of accounts, staffing of programs in full time employees, and the total costs of programs; and
 - (D) process information on program implementation and administration, especially on problems encountered and how problems were solved.

1 SEC. 109. AUTHORIZATION OF APPROPRIATIONS.

2	There is authorized to be appropriated to the Sec-
3	retary \$1,000,000 for fiscal year 2002 and for each fiscal
4	year through 2008, for the purposes of implementing this
5	title, including the reporting, monitoring, and evaluation
6	required under section 1007, to remain available until ex-
7	pended.
8	SEC. 110. ACCOUNT FUNDS DISREGARDED FOR PURPOSES
9	OF CERTAIN MEANS-TESTED FEDERAL PRO-
10	GRAMS.
11	Notwithstanding any other provision of Federal law
12	that requires consideration of 1 or more financial cir-
13	cumstances of an individual, for the purposes of deter-
14	mining eligibility to receive, or the amount of, any assist-
15	ance or benefit authorized by such provision to be provided
16	to or for the benefit of such individual, an amount equal
17	to the sum of—
18	(1) all amounts (including earnings thereon) in
19	any Individual Development Account; plus
20	(2) the matching deposits made on behalf of
21	such individual (including earnings thereon) in any
22	parallel account,
23	shall be disregarded for such purposes.

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1	SEC. 111. MATCHING FUNDS FOR INDIVIDUAL DEVELOP-
2	MENT ACCOUNTS PROVIDED THROUGH A TAX
3	CREDIT FOR QUALIFIED FINANCIAL INSTITU-
4	TIONS.
5	(a) In General.—Subpart B of part IV of sub-
6	chapter A of chapter 1 (relating to other credits) is
7	amended by inserting after section 30A the following new
8	section:
9	"SEC. 30B. INDIVIDUAL DEVELOPMENT ACCOUNT INVEST-
10	MENT CREDIT FOR QUALIFIED FINANCIAL IN-
11	STITUTIONS.
12	"(a) Determination of Amount.—There shall be
13	allowed as a credit against the applicable tax for the tax-
14	able year an amount equal to the individual development
15	account investment provided by an eligible entity during
16	the taxable year under an individual development account
17	program established under section 1002 of the Act.
18	"(b) APPLICABLE TAX.—For the purposes of this
19	section, the term 'applicable tax' means the excess (if any)
20	of—
21	"(1) the tax imposed under this chapter (other
22	than the taxes imposed under the provisions de-
23	scribed in subparagraphs (C) through (Q) of section
24	26(b)(2)), over
25	"(2) the credits allowable under subpart B
26	(other than this section) and subpart D of this part.

1	"(c) Individual Development Account Invest-
2	MENT.—
3	"(1) In general.—For purposes of this sec-
4	tion, the term 'individual development account in-
5	vestment' means, with respect to an individual devel-
6	opment account program of a qualified financial in-
7	stitution in any taxable year, an amount equal to the
8	sum of—
9	"(A) the aggregate amount of dollar-for-
10	dollar matches under such program under sec-
11	tion $1004(b)(1)(A)$ of the Act for such
12	taxable year, plus
13	"(B) an amount equal to the sum of—
14	"(i) with respect to each Individual
15	Development Account opened during such
16	taxable year, \$100, plus
17	"(ii) with respect to each Individual
18	Development Account maintained during
19	such taxable year, \$30.
20	"(2) Inflation adjustment.—
21	"(A) In General.—In the case of any
22	taxable year beginning after 2002, each dollar
23	amount referred to in paragraph (1)(B) shall be
24	increased by an amount equal to—
25	"(i) such dollar amount, multiplied by

1	"(ii) the cost-of-living adjustment de-
2	termined under section (1)(f)(3) for the
3	calendar year in which the taxable year be-
4	gins, by substituting '2001' for '1992'.
5	"(B) Rounding.—If any amount as ad-
6	justed under subparagraph (A) is not a multiple
7	of \$5, such amount shall be rounded to the
8	nearest multiple of \$5.
9	"(d) Eligible Entity.—For purposes of this sec-
10	tion, the term 'eligible entity' means a qualified financial
11	institution, or 1 or more contractual affiliates of such an
12	institution as defined by the Secretary in regulations.
13	"(e) Other Definitions.—For purposes of this
14	section, any term used in this section and also in the
15	Act shall have the meaning given such term by such Act.
16	"(f) Denial of Double Benefit.—No deduction
17	or credit (other than under this section) shall be allowed
18	under this chapter with respect to any expense which is
19	taken into account under subsection (c)(1)(A) in deter-
20	mining the credit under this section.
21	"(g) Regulations.—The Secretary may prescribe
22	such regulations as may be necessary or appropriate to
23	carry out this section, including regulations providing for
24	a recapture of the credit allowed under this section (not-
25	withstanding any termination date described in subsection

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1	(h)) in cases where there is a forfeiture under section
2	1005(b) of the Act in a subsequent taxable year of
3	any amount which was taken into account in determining
4	the amount of such credit.
5	"(h) Application of Section.—This section shall
6	apply to any expenditure made in any taxable year begin-
7	ning after December 31, 2001, and before January 1
8	2009, with respect to any Individual Development Account
9	opened before January 1, 2007.".
10	(b) Conforming Amendment.—The table of sec-
11	tions for subpart B of part IV of subchapter A of chapter
12	1 is amended by inserting after the item relating to section
13	30A the following new item:
	"Sec. 30B. Individual development account investment credit for qualified financial institutions.".
14	(c) Effective Date.—The amendments made by
15	this section shall apply to taxable years beginning after
16	December 31, 2001.
17	TITLE II—CHARITABLE GIVING
18	INCENTIVES PACKAGE
19	SEC. 201. DEDUCTION FOR PORTION OF CHARITABLE CON-
20	TRIBUTIONS TO BE ALLOWED TO INDIVID
21	UALS WHO DO NOT ITEMIZE DEDUCTIONS.
22	(a) In General.—Section 170 of the Internal Rev-

23 enue Code of 1986 (relating to charitable, etc., contribu-

24 tions and gifts) is amended by redesignating subsection

1	(m) as subsection (n) and by inserting after subsection
2	(l) the following new subsection:
3	"(m) Deduction for Individuals Not Itemizing
4	DEDUCTIONS.—
5	"(1) IN GENERAL.—In the case of an individual
6	who does not itemize his deductions for the taxable
7	year, there shall be taken into account as a direct
8	charitable deduction under section 63 an amount
9	equal to the applicable percentage of the excess of
10	the amount allowable under subsection (a) for the
11	taxable year over the applicable amount.
12	"(2) Applicable percentage.—For purposes
13	of this subsection, the applicable percentage shall be
14	determined under the following table:
	"In the case of taxable years The applicable percentage is—
	beginning in— 2002
	2003
	2004
	2005
	2006
	2007 and thereafter
15	"(3) Applicable amount.—For purposes of
16	
	this subsection, the applicable amount is equal—
17	this subsection, the applicable amount is equal— "(A) \$500 in the case of an individual, and
17 18	
	"(A) \$500 in the case of an individual, and
18	"(A) \$500 in the case of an individual, and "(B) \$1,000 in the case of a joint return."
18 19	"(A) \$500 in the case of an individual, and "(B) \$1,000 in the case of a joint return." (b) DIRECT CHARITABLE DEDUCTION.—

- 1 end of paragraph (1), by striking the period at the
- end of paragraph (2) and inserting ", and", and by
- adding at the end the following new paragraph:
- 4 "(3) the direct charitable deduction.".
- 5 (2) Definition.—Section 63 of such Code is
- 6 amended by redesignating subsection (g) as sub-
- 7 section (h) and by inserting after subsection (f) the
- 8 following new subsection:
- 9 "(g) Direct Charitable Deduction.—For pur-
- 10 poses of this section, the term 'direct charitable deduction'
- 11 means that portion of the amount allowable under section
- 12 170(a) which is taken as a direct charitable deduction for
- 13 the taxable year under section 170(m).".
- 14 (3) Conforming Amendment.—Subsection (d)
- of section 63 of such Code is amended by striking
- 16 "and" at the end of paragraph (1), by striking the
- period at the end of paragraph (2) and inserting ",
- and", and by adding at the end the following new
- 19 paragraph:
- "(3) the direct charitable deduction.".
- 21 (c) Effective Date.—The amendments made by
- 22 this section shall apply to taxable years beginning after
- 23 the date of the enactment of this Act.

1	SEC. 202. TAX-FREE DISTRIBUTIONS FROM INDIVIDUAL RE-
2	TIREMENT ACCOUNTS FOR CHARITABLE
3	PURPOSES.
4	(a) In General.—Subsection (d) of section 408 of
5	the Internal Revenue Code of 1986 (relating to individual
6	retirement accounts) is amended by adding at the end the
7	following new paragraph:
8	"(8) Distributions for charitable pur-
9	POSES.—
10	"(A) In general.—No amount shall be
11	includible in gross income by reason of a quali-
12	fied charitable distribution from an individual
13	retirement account to an organization described
14	in section $170(c)$.
15	"(B) Special rules relating to chari-
16	TABLE REMAINDER TRUSTS, POOLED INCOME
17	FUNDS, AND CHARITABLE GIFT ANNUITIES.—
18	"(i) In general.—No amount shall
19	be includible in gross income by reason of
20	a qualified charitable distribution from an
21	individual retirement account—
22	"(I) to a charitable remainder
23	annuity trust or a charitable remain-
24	der unitrust (as such terms are de-
25	fined in section 664(d)),

1	"(II) to a pooled income fund (as
2	defined in section $642(c)(5)$, or
3	"(III) for the issuance of a chari-
4	table gift annuity (as defined in sec-
5	tion $501(m)(5)$).
6	The preceding sentence shall apply only if
7	no person holds an income interest in the
8	amounts in the trust, fund, or annuity at-
9	tributable to such distribution other than
10	one or more of the following: the individual
11	for whose benefit such account is main-
12	tained, the spouse of such individual, or
13	any organization described in section
14	170(e).
15	"(ii) Determination of inclusion
16	OF AMOUNTS DISTRIBUTED.—In deter-
17	mining the amount includible in the gross
18	income of any person by reason of a pay-
19	ment or distribution from a trust referred
20	to in clause (i)(I) or a charitable gift annu-
21	ity (as so defined), the portion of any
22	qualified charitable distribution to such
23	trust or for such annuity which would (but
24	for this subparagraph) have been includible
25	in gross income—

1	"(I) shall be treated as income
2	described in section 664(b)(1), and
3	"(II) shall not be treated as an
4	investment in the contract.
5	"(iii) No inclusion for distribu-
6	TION TO POOLED INCOME FUND.—No
7	amount shall be includible in the gross in-
8	come of a pooled income fund (as so de-
9	fined) by reason of a qualified charitable
10	distribution to such fund.
11	"(C) Qualified charitable distribu-
12	TION.—For purposes of this paragraph, the
13	term 'qualified charitable distribution' means
14	any distribution from an individual retirement
15	account—
16	"(i) which is made on or after the
17	date that the individual for whose benefit
18	the account is maintained has attained age
19	$59\frac{1}{2}$, and
20	"(ii) which is made directly from the
21	account to—
22	"(I) an organization described in
23	section 170(c), or
24	"(II) a trust, fund, or annuity re-
25	ferred to in subparagraph (B).

1	"(D) DENIAL OF DEDUCTION.—The
2	amount allowable as a deduction under section
3	170 to the taxpayer for the taxable year shall
4	be reduced (but not below zero) by the sum of
5	the amounts of the qualified charitable distribu-
6	tions during such year which would be includ-
7	ible in the gross income of the taxpayer for
8	such year but for this paragraph."
9	(b) Effective Date.—The amendment made by
10	subsection (a) shall apply to taxable years beginning after
11	the date of the enactment of this Act.
12	SEC. 203. CHARITABLE DEDUCTION FOR CONTRIBUTIONS
13	OF FOOD INVENTORY.
13 14	OF FOOD INVENTORY. (a) In General.—Subsection (e) of section 170 of
14 15	(a) In General.—Subsection (e) of section 170 of
14 15	(a) In General.—Subsection (e) of section 170 of the Internal Revenue Code of 1986 (relating to certain
14 15 16 17	(a) In General.—Subsection (e) of section 170 of the Internal Revenue Code of 1986 (relating to certain contributions of ordinary income and capital gain prop-
14 15 16 17	(a) In General.—Subsection (e) of section 170 of the Internal Revenue Code of 1986 (relating to certain contributions of ordinary income and capital gain property) is amended by adding at the end the following new
14 15 16 17	(a) IN GENERAL.—Subsection (e) of section 170 of the Internal Revenue Code of 1986 (relating to certain contributions of ordinary income and capital gain property) is amended by adding at the end the following new paragraph:
114 115 116 117 118	(a) In General.—Subsection (e) of section 170 of the Internal Revenue Code of 1986 (relating to certain contributions of ordinary income and capital gain property) is amended by adding at the end the following new paragraph: "(7) Special Rule for contributions of
14 15 16 17 18 19 20	(a) In General.—Subsection (e) of section 170 of the Internal Revenue Code of 1986 (relating to certain contributions of ordinary income and capital gain property) is amended by adding at the end the following new paragraph: "(7) Special Rule for contributions of Food inventory.—For purposes of this section—
14 15 16 17 18 19 20 21	(a) In General.—Subsection (e) of section 170 of the Internal Revenue Code of 1986 (relating to certain contributions of ordinary income and capital gain property) is amended by adding at the end the following new paragraph: "(7) Special Rule for contributions of Food Inventory.—For purposes of this section— "(A) Contributions by Non-Corporate

1	er or not the contribution is made by a corpora-
2	tion.
3	"(B) LIMIT ON REDUCTION.—In the case
4	of a charitable contribution of food which is a
5	qualified contribution (within the meaning of
6	paragraph (3)(A), as modified by subparagraph
7	(A) of this paragraph)—
8	"(i) paragraph (3)(B) shall not apply,
9	and
10	"(ii) the reduction under paragraph
11	(1)(A) for such contribution shall be no
12	greater than the amount (if any) by which
13	the amount of such contribution exceeds
14	twice the basis of such food.
15	"(C) Determination of Basis.—For
16	purposes of this paragraph, if a taxpayer uses
17	the cash method of accounting, the basis of any
18	qualified contribution of such taxpayer shall be
19	deemed to be 50 percent of the fair market
20	value of such contribution.
21	"(D) Determination of fair market
22	VALUE.—In the case of a charitable contribu-
23	tion of food which is a qualified contribution
24	(within the meaning of paragraph (3), as modi-
25	fied by subparagraphs (A) and (B) of this para-

1 graph) and which, solely by reason of internal 2 standards of the taxpayer, lack of market, or 3 similar circumstances, or which is produced by 4 the taxpayer exclusively for the purposes of 5 transferring the food to an organization de-6 scribed in paragraph (3)(A), cannot or will not 7 be sold, the fair market value of such contribu-8 tion shall be determined— "(i) without regard to such internal 9

standards, such lack of market, such circumstances, or such exclusive purpose, and "(ii) if applicable, by taking into account the price at which the same or similar food items are sold by the taxpayer at

the time of the contribution (or, if not so sold at such time, in the recent past).".

17 (b) Effective Date.—The amendment made by 18 subsection (a) shall apply to taxable years beginning after 19 December 31, 2001.

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